

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENTUCKY UTILITIES)	
COMPANY FOR APPROVAL OF FINANCING)	
TO ENCOURAGE THE USE OF HIGHLY)	CASE NO. 93-419
EFFICIENT ELECTRIC HEATING/COOLING)	
SYSTEMS AS A PILOT PROGRAM)	

O R D E R

IT IS ORDERED that Kentucky Utilities Company ("Kentucky Utilities") shall file an original and 10 copies of the following information with the Commission, with a copy to all parties of record within 7 days from the date of this Order. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide all terms and conditions of the pilot program. Include in this explanation a copy of the contract which the residential customers will be signing.

2. Explain the arrangement Kentucky Utilities will have with the bank to deal with any loan defaults and loan delinquencies.

3. Explain the additional costs and provide the estimated amounts which Kentucky Utilities may incur due to loan defaults or delinquencies as referred to in Item 8 to the application.

4. Provide documentation of any surveys performed for this pilot program.

5. From what bank(s) does Kentucky Utilities intend to obtain the financing? Include in this response a listing of all lenders considered as a potential source for the proposed financing.

6. Provide a copy of the guarantee agreement.

7. Provide all terms and conditions of the guarantee.

8. Provide a written narrative explaining Exhibit 1 to the application. Include in this explanation the calculations for the determination of the estimated buydown amount.

9. Paragraph No. 4 of the application refers to the "Indoor Comfort Program" outlined in Kentucky Utilities' recently filed Integrated Resource Plan ("IRP"). The Indoor Comfort Program, as outlined in the IRP's Preliminary Demand Side Management ("DSM") Plan, would provide rebates to customers or home builders for the purchase of high efficiency heat pumps.

a. The Indoor Comfort Program does not cover geothermal heating and cooling systems. Explain why Kentucky Utilities has chosen to include both high efficiency heat pumps and geothermal heating and cooling systems in the proposed pilot financing program.

b. The Indoor Comfort Program provides for rebates for the purchase of high efficiency heat pumps. Will the proposed pilot financing program be offered as an alternative to the rebate or in addition to the rebate?

10. Paragraph No. 2, Page III-4 of the Preliminary DSM Plan, discusses high efficiency heat pumps and their help in lowering both Kentucky Utilities' summer and winter peak demands. This implies that the program will not be offered to existing or potential gas customers as a marketing program but will target customers that do not have access to natural gas.

a. Explain in detail whether the Indoor Comfort Program will be available to all residential customers or to only those customers that do not have access to natural gas.

b. Explain in detail whether the proposed financing pilot program will be available to all residential customers or to only those customers that do not have access to natural gas.

c. If available to all customers, how can Kentucky Utilities assure the Commission that these programs will not result in "load building" via electricity replacing natural gas as a heating source?

Done at Frankfort, Kentucky, this 14th day of December, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director